DEPARTMENT OF HEALTH AND HUMAN SERVICES
HEALTH CARE FINANCING ADMINISTRATION

FORM APPROVED
OMB NO. 0938-0193

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL

FOR: HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER:	2. STATE:
0 1 — 0 1	Washington, DC

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)

TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE
July 1, 2001

5. TYPE OF PLAN MATERIAL *(Check One)*:

☐ NEW STATE PLAN ☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN ☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT *(Separate Transmittal for each amendment)*

6. FEDERAL STATUTE/REGULATION CITATION:

7. FEDERAL BUDGET IMPACT:
a. FFY 2000 $ 0
b. FFY 2001 $ 0

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:
Pages 1,2,3
Attachment 4.19D Pt. II Section E ~~Page 2,3~~
Section XV A,B,C, Page 20

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT *(If Applicable)*:
Attachment 4.19D Part II
~~Page 2,3,20,~~
Pages 1, 2, 3, 20
Revision made 4/25/01 by H.A. on party per DC

10. SUBJECT OF AMENDMENT:
Day Treatment Pass Through

11. GOVERNOR'S REVIEW *(Check One)*:

☐ GOVERNOR'S OFFICE REPORTED NO COMMENT
☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL
☐ OTHER, AS SPECIFIED:

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME:
Herbert H. Weldon, Jr.

14. TITLE:
Senior Deputy Director

15. DATE SUBMITTED:
January 2001

16. RETURN TO:
Mr. Herbert H. Weldon, Jr.
Senior Deputy Director
Department of Health
Medical Assistance Administration
825 North Capitol Street, N.E.
Suite 5135
Washington, D.C. 20002

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED: 2/26/01
18. DATE APPROVED: May 7, 2001
PLAN APPROVED - ONE COPY ATTACHED
19. EFFECTIVE DATE OF APPROVED MATERIAL: 7/01/01
20. SIGNATURE OF REGIONAL OFFICIAL:
21. TYPED NAME: CLAUDETTE V. CAMPBELL
22. TITLE: ASSOCIATE REGIONAL ADMINISTRATOR DIVISION OF MEDICAID & STATE OPERATIONS
23. REMARKS:

FORM HCFA-179 (07-92)

Instructions on Back

DEPARTMENT OF HUMAN SERVICES
STATE PLAN AMENDMENT

The Acting Director of the Department of Human Services, pursuant to the authority contained in DC Code, Section 1-359, hereby gives notice of adoption on October 1, 1996, of the following policy governing reimbursement under the Medicaid program to intermediate care facilities for mentally retarded persons in the District of Columbia.

The notice of proposed rulemaking for all sections except Sections III. B. and III. C. was published in the DC Register on September 27, 1996, Volume 43, Number 39, Pages 5297 to 5298. The notice of proposed rulemaking for Section III.B. and III. C. was published in the DC Register on February 14, 1997.

The entire Attachment 4.19 D Part II of the Medicaid State Plan is being replaced by this amendment, #97-02, effective October 1, 1996.

I. REIMBURSEMENT PRINCIPALS AND METHODS FOR INTERMEDIATE CARE FACILITIES FOR THE MENTALLY RETARDED

A. The Medicaid Program shall pay an intermediate care facility for mentally retarded at a rate that is reasonable and adequate to meet the costs that must be incurred by an efficiently and economically operated intermediate care facility for mentally retarded in order to provide care to Medicaid recipients in conformity with applicable District and Federal laws, regulations, and quality and safety standards.

B. Specific methods of cost finding and cost reporting are defined in the program's cost reporting forms and instructions.

C. In the absence of specific instructions or definitions contained in the program's regulations or cost reporting forms and instructions, the treatment or allowability of a cost shall be determined in accordance with the Medicare Principals of Reimbursement, 42 CFR Part 413, and their interpretation in Provider Reimbursement Manual 15.

D. Intermediate Care Facilities for Mentally Retarded shall be paid on a prospective basis at a facility-specific all inclusive per diem rate for all services required to be provided under the Conditions of Participation (42 CFR 483.440), except for active treatment services provided under a contractual arrangement. Reimbursement for active treatment services is described in Section XV. A facility's reimbursement rate is set by determining four per diem cost components derived from each facility's base.

year and trending them forward to the fiscal year ending September 30, 1997.

The four cost components are:
1) capital costs,
2) routine and support costs,
3) health care related costs, and
4) administrative & general costs.

The all inclusive base rate for a facility is calculated on 1993 audited costs or audited costs or audited costs from a facility's initial cost reporting period (base year), whichever is later, subject to the limitations explained below for each cost component. The Commission selected 1993 as the base year because it represents the most current year that has been substantially audited.

All cost reports are adjusted to September 30, ~~1983~~ 1993 based on the Bureau of Labor Statistic Medical Care Services Consumer Price Index for Washington D.C. (BLSCPI). If a specific month is not calculated in the BLSCPI the month before and after the unavailable month will be averaged to determine an estimated CPI for the uncalculated month. The base rate is the sum of allowable costs for capital-related expenses plus the lower of allowable costs per day or the median of all facilities for each cost category.

E. In addition to the per diem rate described in Section I.D. above, intermediate care facilities for persons with mental retardation shall be paid an additional amount for each person who receives active treatment under arrangement with another provider. That additional amount will be calculated and paid as provided in Section XV.

II. COMPUTATION OF CEILINGS OR LIMITS FOR PER DIEM COST COMPONENTS

A. Costs fall into four component categories:

I. Healthcare-Related
II. Routine and Support
III. Administration and General
IV. Capital-Related

These cost categories are comprised of the following cost centers from the Medicaid cost report. These cost centers are located on page five of the Medicaid cost report and are delineated by cost report line number.

I. HEALTHCARE-RELATED COSTS

Professional Services

1. Nursing/Counselors
2. Physician
3. Related Clerical Staff
4. IHP
5. QMRP
6. Resident Clothing, Miscellaneous Health Care
7. Client Costs

Therapeutic Services

8. Medical Supplies
9. Laboratory
10. Psychologist
11. Physical and Speech Therapy

Activities and Social Services

12. Social Services
13. Patient Activities
14. Transportation

October 1, 1996, at a per diem rate that is less than the reimbursement rate to which it would have been entitled on September 30, 1996, under the policy then in effect, then reimbursement to the facility will be according to a transition floor established at no less than 85 % of the facility's 1993 audited costs, trended forward to October 1, 1996. Effective May 1, 1998, the transition floor will be established at no less than 65 % of the facility's 1993 audited costs, trended forward to October 1, 1997.

XV. ADDITIONAL REIMBURSEMENT AMOUNT FOR ACTIVE TREATMENT SERVICES FURNISHED UNDER ARRANGEMENT

A. The Medicaid Program will pay an additional amount to each ICF/MR for the costs of providing active treatment services under arrangement with another provider. In the District, providers of active treatment services are also known as "day treatment providers" because they furnish day treatment services to ICF/MR residents and non-ICF/MR customers. The additional amount paid to an ICF/MR for each of its residents will be the product of: (1) the Medicaid-approved per diem rate for a resident's active treatment services and (2) the actual number of days when active treatment services were provided under arrangement with an active treatment provider to that ICF/MR resident. The Medicaid-approved rate is the provider-specific per diem rate that is paid by the Medicaid Program to the "Day Treatment Provider" for day treatment services that it furnishes to adults receiving day treatment services who are Medicaid beneficiaries.

B. When a resident of an ICF/MR is transferred from one active treatment provider to another such provider, the additional amount paid to that ICF/MR for the costs of active treatment services for that resident shall be recomputed to reflect the per diem rate applicable to the new "day treatment provider".